



# Product and investment changes

Zurich Master  
Superannuation Fund



Date of preparation: 4 December 2020

This Significant Events Notice provides members of the Zurich Master Superannuation Fund ('Fund') with a summary of the changes that may affect your investment in the Fund.

The Trustee of the Zurich Master Superannuation Fund (ABN 33 632 838 393 SFN 2540/969/42 Registration No. R1067651) is:

**Equity Trustees Superannuation Limited**

ABN 50 055 641 757, AFSL 229757, RSE L0001458  
Level 1, 575 Bourke Street Melbourne VIC 3000

The administrator and insurer is:

**Zurich Australia Limited**

ABN 92 000 010 195, AFSL 232510  
118 Mount Street North Sydney NSW 2060  
Telephone: 131 551

**This notice is to be read in conjunction with the Zurich Master Superannuation Fund Annual Fund Report for the year ending 30 June 2020 (available at [www.zurich.com.au/annualreports](http://www.zurich.com.au/annualreports)) which further explains the changes. A copy is available free of charge by contacting Zurich Customer Care.**

**If you have any questions, please contact either your financial adviser or Zurich Customer Care on 131 551.**

# Annual Member Meeting

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## Notice of the Annual Member Meeting of the Zurich Master Superannuation Fund

We hope you will be able to join Equity Trustees Superannuation Limited (ETSL), the Trustee for the Zurich Master Superannuation Fund, at our inaugural Annual Member Meeting (AMM) on 10 March 2021.

This is a great opportunity for you to hear how your Fund operates, its investment performance and outlook for the future.



**Date:** Wednesday 10 March 2021



**Time:** 11:30 am – 12:30 pm  
(Australian Eastern Daylight Time)



**Location:** Online webinar

### Agenda

- **Welcome and Chairman's message**  
– Mr Tony Lally, Chairman, ETSL
- **Fund update and year in review**  
– Mr Mark Blair, Executive General Manager, Superannuation Trustee Office, ETSL
- **Member Q & A session**  
– Via webinar chat facility or pre-submitted questions

### Registrations

Registrations are required to attend this meeting. Please visit the Fund website [www.zurich.com.au/zmsfamm](http://www.zurich.com.au/zmsfamm) to register.

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## Q & A Session

There will be a facility available for members to ask questions during the meeting or questions may be submitted prior to the meeting via the online registration page.

If we can't get to every question during the Meeting, we'll include responses in the Meeting Minutes, which will be available online within one month following the meeting.

Please note that questions relating to personal circumstances will not be able to be addressed during the meeting due to privacy restrictions. If you have a specific question regarding your plan, one of our dedicated Customer Care team will be able to assist you at any time. Simply call us on 131 551.

## Other Information

In the event that you are not able to join us on 10 March 2021, we will be recording the meeting and providing a link on the Fund website, [www.zurich.com.au/zmsfamm](http://www.zurich.com.au/zmsfamm), after the meeting so you can watch it at a time that suits you.

The Annual Member Meeting Minutes, including the Q&A session, will be available on the Fund website no later than 10 April 2021.

The Trustee has an important role to play in the financial wellbeing of the members and is focused on achieving the best retirement outcomes for you. We look forward to welcoming you to the meeting.

**Tony Lally**

Chair, Equity Trustees Superannuation Limited

# Product and Investment update

Please note that the information in the following section applies to all investment plans (unless as indicated).

In this section, ZSP stands for Zurich Superannuation Plan, ZRP stands for Zurich Retirement Plan and ZABP stands for Zurich Account-Based Pension.

## **Change of Strategic Investment Partners**

With effect 22 August 2019, Insight Investment Management (Global) Limited and Robeco Hong Kong Limited were added as underlying investment managers in the Alternatives asset class of the Zurich diversified options, replacing Denning Pryce Ltd. Equity Trustees Limited is the Responsible Entity for both of the replacement investment managers. Note, the investment in listed global infrastructure remains, but will now be a dedicated asset class within the portfolios' strategic asset allocations.

With effect 12 August 2019, Celeste Funds Management Limited replaced Sigma Funds Management Pty Ltd in the Australian shares asset class of the Zurich diversified options.

With effect 29 January 2020, AllianceBernstein Australia Limited were added as the underlying investment manager in the Absolute Return Bond asset class of the Zurich diversified options.

With effect 1 October 2020, Schroders Investment Management Australia Limited replaced Aberdeen Asset Management Limited in the Fixed Interest and Cash asset classes of the Zurich diversified options.

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## Fee restructure

In line with the Removal of Grandfathered Conflicted Remuneration (refer to page 12), effective 1 December 2020, Zurich will rebate what would have been paid as conflicted remuneration to members of the ZMSF in the form of a reduction in fees. The relevant rebate will apply to all members with a policy\* commencement date of prior to 1 July 2013.

In addition, effective 1 December 2020, Zurich will also remove the additional Portfolio Management Charge (PMC) in the Nil Entry Fee option for the ZSP and ZABP products.

The following tables provide an overview of the fees that will apply from 1 December 2020. Please note that where you have agreed with your financial adviser to have a member advice fee paid directly from your account, these are not fees charged by Zurich and are therefore in addition to the fees set out below.

*\*Excluding those that are defined as a life risk insurance policy*

### Zurich Superannuation Plan<sup>1</sup>:

**Contribution Fee** (Charged on each contribution / rollover): Nil

**Administration Fee** (Portfolio Management Charge):

Account Balance	Net Portfolio Management Charge* <sup>2</sup>
Less than \$100,000	0.85% p.a.
\$100,000 to \$249,999	0.75% p.a.
\$250,000 +	0.50% p.a.

*\* Based on total account balance. Subject to a minimum charge of \$22.30 per month.*

**Indirect Cost Ratio** (Investment Management Costs): Between 0.01% to 1.09% (estimated) p.a. of your account balance depending on the investment option.<sup>3</sup>

## Zurich Account-Based Pension<sup>1</sup>:

**Contribution Fee** (Charged on each contribution / rollover): Nil

**Administration Fee** (Portfolio Management Charge)

Adjusted Investment Amount <sup>4</sup>	Portfolio Management Charge*
Less than \$100,000	0.95% p.a.
\$100,000 to \$249,999	0.85% p.a.
\$250,000 +	0.60% p.a.

\* Based on total account balance. Subject to a minimum charge of \$22.30 per month.

**Indirect Cost Ratio** (Investment Management Costs): Between 0.01% to 1.09% (estimated) p.a. of your account balance depending on the investment option.<sup>3</sup>

## Zurich Retirement Plan<sup>1 5</sup>

**Contribution Fee** (Charged on each contribution / rollover): Nil

**Indirect Cost Ratio** (Investment Management Fee)- Unit Linked options<sup>6</sup>

Investment Option	
Cash	1.00% p.a.
Global Thematic	1.45% p.a.
All other options	1.30% p.a.

**Indirect Cost Ratio** (Asset Charge) – Capital Guaranteed option: 1.30% p.a.

**Policy fee (\$ pa):** Varies by policies (where applicable)

**Cost of Capital Guarantee** (Cap Guar policies only): Up to 0.50% p.a.

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## Ability to negotiate an ongoing adviser service fee for ZRP policies

There are different ways to pay your financial adviser for advice relating to your superannuation account, including authorising us, as trustee of the Fund, to deduct the agreed ongoing adviser service fee from your superannuation account balance and send it to the adviser.

Currently only members with a Zurich Superannuation Plan or Zurich Account-Based Pension plan can negotiate an ongoing service fee (also known as a Member Advice Fee) with their financial adviser. Effective 1 January 2021, we will allow members with a Zurich Retirement Plan to also negotiate an ongoing service fee with their adviser subject to the completion of a Member Advice Fee Authorisation form. Please keep in mind, however, that ongoing adviser service fees can only be deducted from your superannuation account where the advice you are receiving relates solely to your superannuation.

- 1 If your account balance is less than \$6,000 at the end of the Fund's income year, the total combined amount of administration fees, investment fees and indirect costs charged to you is capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.
- 2 This is the actual fee payable after the taxation deduction benefit has been applied that Zurich passes on to you in the form of a reduced fee. Please refer to the section 'The extent to which tax deductions are passed on to you in the form of reduced fees or costs (ZSP only)' in the Fee Guide and Additional Information – Zurich Superannuation Plan and Zurich Account-Based Pension booklet on [www.zurich.com.au/zspandzabp](http://www.zurich.com.au/zspandzabp) for further information.
- 3 Please refer to the Information on Investment options - Zurich Superannuation Plan and Zurich Account-Based Pension booklet on [www.zurich.com.au/zspandzabp](http://www.zurich.com.au/zspandzabp) for further information.
- 4 The Adjusted Investment Amount is your initial investment less any amount withdrawn. Note that regular income payments are not considered as withdrawals.
- 5 Members with a current ZRP account who did not commence their membership of the fund with a ZRP policy (ie they were upgraded from a previous policy to ZRP a number of years ago) may have fee rates which are different to the default rates which have been quoted above.
- 6 Some ZRP members are eligible for a 0.3% rebate of the Investment Management Fee on some or all of their account balance, if their overall account balance exceeds \$100,000. Where applicable, this is credited monthly in the form of additional units.

# Other Significant Notices

## Federal Budget 2020 – Superannuation & Retirement update

On 6 October 2020, the Treasurer, Mr Josh Frydenberg, delivered the 2020-21 Budget, setting out the economic plan and outlook for Australia for the years ahead. With the Australian economy in recession (the first time in almost 30 years) as a result of COVID-19, there remains substantial uncertainty around the global and domestic outlook, as well as the extent of any longer-lasting economic effects from the pandemic.

With this in mind the 2020-21 Budget set about implementing the Government's COVID-19 Economic Recovery Plan by supporting Australians with additional COVID-19 response measures, driving job creation through the JobMaker Plan, providing personal tax cuts for most workers, introducing reforms to superannuation to improve outcomes for super fund members and a range of measures to assist businesses over the coming years.

A summary of the key changes announced during the Budget that may impact you include:

### Superannuation reforms – Your Future, Your Super

Your Future, Your Super is intended to improve outcomes for super fund members. The reforms, which should reduce the number of duplicate accounts held by employees as a result of changes in employment and prevent new members joining underperforming funds, include the following four key measures:

#### 1. Fund stapling

To prevent the creation of unintended multiple super accounts and the erosion of super balances, a new super account will no longer be created automatically every time an individual starts a new job. Instead, their super will be 'stapled' to them. Employers will pay super to an existing fund if the individual has one unless they select another fund.

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By 1 July 2021:

- If an employee does not nominate an account at the time they start a new job, employers will pay their superannuation contributions to their existing fund.
- Employers will obtain information about the employee's existing superannuation fund from the ATO.
- If an employee does not have an existing superannuation account and does not make a decision regarding a fund, the employer will pay the employee's superannuation into their nominated default superannuation fund.

## 2. YourSuper comparison tool

A new, interactive, online YourSuper comparison tool will help individuals decide which super product best meets their needs.

By 1 July 2021, the YourSuper tool will:

- Provide a table of simple super products (MySuper) ranked by fees and investment returns.
- Link individuals to super fund websites where they can choose a MySuper product.
- Show individual's current super accounts and prompt them to consider consolidating accounts if they have more than one.

## 3. Annual benchmarking

The Government is ensuring individual's hard-earned retirement savings are protected from underperforming super funds.

By 1 July 2021:

- MySuper products will be subject to an annual performance test.
- If a fund is deemed to be underperforming, it will need to inform its members of its underperformance by 1 October 2021.
- When funds inform their members about their under-performance, they will also be required to provide them with information about the YourSuper comparison tool.

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- Underperforming funds will be listed as underperforming on the YourSuper comparison tool until their performance improves.
  - Funds that fail two consecutive annual underperformance tests will not be permitted to accept new members. These funds will not be able to re-open to new members unless their performance improves.

By 1 July 2022, annual performance tests will be extended to other superannuation products.

#### 4. Improved transparency and accountability

The Government will ensure superannuation trustees are more accountable and transparent as to how they are managing the retirement savings of their members.

By 1 July 2021:

- Super trustees will be required to comply with a new duty to act in the best financial interests of members.
- Trustees must demonstrate that there was a reasonable basis to support their actions being consistent with members' best financial interests.
- Trustees will provide members with key information regarding how they manage and spend their money in advance of Annual Members' Meetings.

*Please note that the Zurich Master Superannuation Fund (ZMSF) does not include a MySuper product. Therefore, some of the measures mentioned above, including the benchmarking tests that will be conducted, are not likely to apply to the ZMSF until 1 July 2022.*

**Please be aware the measures mentioned above have not yet been legislated, and if passed by Parliament they may end up looking slightly different to the announcements made in the Federal Budget. It is recommended you seek professional advice from your financial adviser, who will be able to assist you with your retirement planning taking these announcements into consideration.**

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## COVID-19 Response Package

### Temporary early access to superannuation

The Government has allowed eligible individuals affected by the financial impacts of COVID-19 to access up to \$10,000 of their superannuation before 1 July 2020 and a further \$10,000 from 1 July 2020 until 31 December 2020. Eligible temporary visa holders were also able to apply for a single release of up to \$10,000 before 1 July 2020.

These amounts were not taxable and did not affect Centrelink and Veterans' Affairs payments or JobKeeper payments.

### Temporary reduction of superannuation minimum drawdown rates

The Government reduced the superannuation minimum drawdown requirements for account-based pensions and similar products by 50% for the 2019-20 and 2020-21 income years.

The minimum drawdown requirements determine the minimum amount of a pension that a retiree has to draw from their superannuation in order to qualify for tax concessions. Minimum payment amounts are calculated on the basis of asset values on 1 July of each income year. This change will allow retirees to avoid selling assets in a loss position in order to satisfy the minimum drawdown requirements.

Further information on these two measures can be located on the Superannuation and Retirement pages on [www.zurich.com.au](http://www.zurich.com.au).

## Removal of Grandfathered Conflicted Remuneration

On 28 October 2019, the *Treasury Laws Amendment (Ending Grandfathered Conflicted Remuneration) Act 2019 (EGCR Act)* was passed into law. This Act removes the grandfathering arrangements of conflicted remuneration from 1 January 2021 and effectively implements the Government's response to Recommendation 2.4 of the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*.

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To ensure full compliance under the EGCR Act, Zurich will cease payment of conflicted remuneration under grandfathered arrangements\* by 31 December 2020, with the last conflicted remuneration payment to Australian Financial Services licensees based on members' account balances, and other commission related activities, as at 30 November 2020.

**These grandfathered arrangements are paid by Zurich from its own resources, but directly or indirectly funded by fees charged within the account and are not an additional charge to you. These payments are not paid by the Trustee.**

## What does this mean for you?

If your policy commenced prior to 1 July 2013, effective 1 December 2020, Zurich will rebate what would have been paid as conflicted remuneration to members of the Zurich Master Superannuation Fund in the form of a reduction in fees. The reduction in fees will apply regardless of if you have an adviser linked to your account or not.

Please refer to the section "Fee restructure" on page 6 for further information.

*\* Life risk insurance products were not subject to the grandfathered arrangements and therefore exempt from the EGCR Act.*

## Changes announced last year

As outlined in the 2019 Annual Fund Report, there were a number of changes to superannuation that had not been legislated at the time the Annual Fund Report was prepared. The following changes to work test and bring-forward rules announced during the 2019 Federal Budget have now been passed into legislation:

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## Work test

From 1 July 2020, all individuals aged less than 67 years will be able to make voluntary superannuation contributions without meeting the work test (previously only those under age 65 did not need to meet the work test requirement). For those aged between 67 – 74 you must work a minimum of 40 hours over a continuous 30-day period to meet the work test to be eligible to make voluntary contributions.

If you can't meet the conditions of the work test, there is a one-off work test exemption applying to recent retirees. To meet the work test exemption criteria, you must have:

- satisfied the work test in the income year preceding the year in which you made the contribution
- a total super balance of less than \$300,000 at the end of the previous income year
- not relied on the work test exemption in a previous financial year.

## Non-concessional cap roll-up

People aged 65 or 66 are able to take advantage of the bring-forward arrangements which allow you to make three years' worth of non-concessional contributions, capped at \$100,000 a year, in a single year. Prior to 1 July 2020, only individuals under 65 were able use this bring-forward arrangement.

## Spouse contributions

The rule for making contributions to your spouse's super has been extended for older members. From 1 July 2020, contributions will be able to be made by a spouse up to and including age 74.

### **Further information**

For basic information about these reforms and insurance in superannuation more generally, the Trustee recommends the ASIC's MoneySmart website (<https://www.moneysmart.gov.au>).

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## Transfers to an Eligible Rollover Fund (ERF)

Where one of the following occurs, a Fund member's benefit may be transferred to an Eligible Rollover Fund ("ERF"):

- The benefit is immediately payable, and we have not been provided with instructions for payment within 90 days from the date the benefit became payable;
- We have lost track of the member (this is usually when we believe a member has not received at least two consecutive statements from the Trustee or its representative);
- The member does not meet the relevant plan's minimum account balance;
- The member is inactive and has a balance of under \$1,000;
- The member has engaged in activity which could result in, or has resulted in, financial detriment to other Fund members or beneficiaries ("misconduct").

Superannuation law also allows the trustee to determine other transfer circumstances. The Fund's nominated ERF is AUSfund.

Where we intend to transfer your benefits to AUSfund, we will provide you with prior notification (where we are able to do so, for example, we have your current address details). If your benefits are transferred:

- you will no longer be a member of the Zurich Master Superannuation Fund and all associated benefits such as insurance (if any) will cease;
- you will instead become a member of AUSfund;
- AUSfund will invest your benefit using a default investment strategy without knowing whether it is appropriate to your needs;
- AUSfund will have a different fee structure;
- AUSfund will not provide death or disablement insurance benefits.

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If you are transferred to the AUSfund, you may request access to, or correction of, any personal information held by AUSfund by writing to AUSfund's Privacy Officer. AUSfund's postal address is:

### **AUSfund Administration**

PO Box 543  
Carlton South VIC 3053

AUSfund may also be contacted by calling 1300 361 798 between 8:30am and 5:00pm Monday to Friday, or by emailing [admin@ausfund.com.au](mailto:admin@ausfund.com.au).

Please note that legislation currently before the Senate, if passed, will prevent superannuation funds transferring new amounts to eligible rollover funds (ERFs) from the later of seven days after Royal Assent or 1 May 2021. Once the legislation is passed, any monies that would have previously been rolled over to the ERF will be transferred to the Australian Taxation Office (refer Unclaimed superannuation below).

### **Unclaimed superannuation**

Broadly speaking if we do not transfer your benefit to an ERF, your superannuation benefit may become unclaimed and paid to the Australian Taxation Office (ATO) if (in summary) you are:

- over 65 years old, haven't made a contribution for the last two years and have been uncontactable by the Fund for five years<sup>#</sup>
- deceased, haven't made a contribution for the last two years and the Fund has been unable to pay the benefit to the rightful beneficiary because they are uncontactable
- a former temporary Australian resident and it has been six months since you left Australia or since your visa expired
- entitled to be paid your ex-spouse's super in a family law split and the Fund is unable to contact you
- a lost member\* whose account balance is less than \$6,000

- a lost member\* whose account has been inactive for 12 months and your Fund does not have the information needed to make a payment to you
- a member with a low-balance inactive account, unless an exception applies.

You may contact the ATO to claim your benefits should that occur. For further information about unclaimed superannuation and how to claim, please contact your financial adviser or visit the ATO website, [www.ato.gov.au](http://www.ato.gov.au).

In addition to the unclaimed superannuation process described above, if you are identified as an “inactive low-balance member account”, your benefit may also be transferred to the ATO.

*# Generally, for there to be communication (contact) between the Fund and the member, it needs to be established that the communications has been sent and received. Unfortunately, this does not include where the Fund has sent the member their annual statement as the Fund is unable to verify if the member actually received the statement.*

*\* Broadly, a person may be a lost member if they have not made a contribution within a prescribed timeframe and the Fund receives returned mail from their last known address.*

## Operational Risk Reserve

The Trustee maintains a reserve in the Fund for managing operational risk. The reserve is invested in a Capital Guaranteed portfolio under a Zurich life insurance policy. The closing balances of the reserve at the end of the financial years ending 30 June 2018 to 30 June 2020 are set out below:

Date	Operational Risk Reserve
30 June 2020	\$2,786,571
30 June 2019	\$3,430,424
30 June 2018	\$2,998,235

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## **A change in residency might require Zurich to suspend or terminate your insurance (if any) accordingly.**

Zurich Australia Limited and other companies within the worldwide Zurich group of companies have obligations under Australian and foreign laws. Regardless of any other policy terms and conditions, Zurich and the Trustee reserve the right to take any action (or not take any action) which could place them or another company within the Zurich group at risk of breaching Australian laws or laws in any other country.

All financial transactions, including acceptance of premium payments, claim payments and other reimbursements, are subject to compliance with applicable trade and economic sanctions laws and regulations.

Zurich may terminate a policy where you are considered to be a sanctioned person, or you conduct an activity which is sanctioned, according to trade or economic sanctions laws and regulations. Further, neither Zurich nor the Trustee will provide any cover, service or benefit to any party if either determine it places Zurich or the Trustee at risk of breaching applicable trade or economic sanctions laws or regulations.

Each policy is based on the legal and regulatory requirements applicable at the time the policy is issued. Should the legal and regulatory requirements change in a material way, Zurich is entitled to adapt the terms and condition to the changed legal and regulatory requirements, provided the change is lawful.

## **Planning to move overseas?**

Please contact us before moving so that we can provide you with further information, and consider taking independent financial and/or tax advice on your circumstances. You may be asked to provide additional information and your details may be passed to relevant government authorities.

# Contact details

## Enquiries and Fund administration

The team at Zurich Customer Care understands the Fund, and are well equipped to answer questions about the Fund and provide extra information, although they are not able to give financial advice.

Please contact Zurich Customer Care in the most convenient way for you:



**131 551**



**Locked Bag 994  
North Sydney NSW 2059**



**[client.service@zurich.com.au](mailto:client.service@zurich.com.au)**



**[www.zurich.com.au](http://www.zurich.com.au)**

## Financial advice

Your financial adviser should be your first point of contact for financial advice. Zurich can only provide you with factual information about your plan and how it operates.

Please note that the information contained in this document is general information only. It does not take into account your personal investment objectives, financial situation or particular needs. You should consider these factors and the appropriateness of this information having regard to your objectives, financial situation and needs. We recommend you seek professional advice before making any decision affecting any aspect of your membership in the Fund.

This document contains information about changes to the law governing superannuation. This information, although derived from sources believed to be accurate as at the date of preparing this report, may change.

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**Zurich Customer Care**

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The issuer of the Zurich Superannuation Plan (SPIN ZUR0473AU) and the Zurich Account-Based Pension (SPIN ZUR0469AU) is Equity Trustees Superannuation Limited ABN 50 055 641 757, AFSL 229757 who is the Trustee of the Zurich Master Superannuation Fund ABN 33 632 838 393, SFN 2540/969/42.

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